

Bloomberg Code	UPLL IN
No of share O/S (in crs)	75.1
Market Cap (in Rs. crs)	57,475
Face Value (in Rs)	2.00
Dividend Yield (%)	1.3
52 Wk High/Low (in Rs)	848/607

Shareholding (%)	
Promoters	30.74
Institutional	58.92
Public	10.34
Total	100.00

Higher volumes and improved realizations drive topline growth

Key Highlights

UPL reported a net revenue of Rs.13,679 cr during the quarter, with YoY/QoQ growth of 21.1%/9.4%, respectively, led by strong traction in the Americas business and firmness in pricing, specifically for insecticide products, and tailwinds through strong agri-commodity prices and favorable exchange rates. EBITDA growth of nearly 18.9%YoY was due aided by strong topline growth, and despite an increase in SG&A (Selling, General and Administrative) expenses. Net profit for the quarter came in at Rs. 1,360cr registering a YoY/QoQ growth of 15.4%/35.3%, respectively. During the quarter, the net margin expanded by 222 bps on QoQ basis and declined 199 bps on YoY basis to 103%.

Robust growth across regions barring India

Latin America: Latin America business grew 28 percent year-on-year led by strong growth in the insecticides business, particularly in Brazil. NPP BioSolutions and fungicides led growth in Mexico while Argentina business was aided by strong demand in herbicides.

Europe: Europe continues to remain a headwind for the company. The low-single-digit growth was due to the devaluation of the Euro, ongoing conflict and products ban. However, in Euro terms, the business grew 10 percent year-on-year, despite the significant macro headwinds.

North America: North America business continues to grow in double-digits supported by strong commodity prices.

India: India reported 19% revenue growth to Rs.907 cr in the quarter. Healthy growth driven by strong traction in seeds business crop protection business flat ,unfavorable weather and high channel inventory impacted industry demand,strong price realizations compensated for lower demand.

Rest of the world: Revenue from the rest of the world came in at Rs.2,185 cr in Q3FY22, registering a growth of 12% on a YoY basis driven by W good growth in South-East Asia (insecticides driven), and ANZ (led by herbicides),despite high channel stocks, price pressure from Chinese suppliers in SE Asia and Africa, and unfavorable weather.

Concall Highlights

- The management has also reaffirmed that it will meet its full year revenue as well as operating profit or EBITDA growth guidance. It has also expressed confidence in reducing its net debt to \$2 billion by March 2023.
- The company mentioned that the crop protection business grew 22 percent from last year, along with robust growth in the Advanta seeds business, which increased 31 percent from last year.
- The management further said that the demand for agrochemicals continues to remain strong going into the March quarter, especially in the Americas. It expects strong volume growth during the quarter, even as some channel-deinventorying is taking place.

Valuation

At the CMP of Rs. 757, UPL is trading at a FY25 P/E of 8.62 with an estimated FY25 adjusted EPS of Rs.87.84.

For Q3FY23, revenue grew at a rate of 21.1% YoY to Rs.13,679 cr,

EBITDA for the quarter grew by 18.9% on a YoY basis to Rs. 2,999 cr.

Net profit stood at Rs.1,360 cr, up 15.4% YoY and 35.3% QoQ.

Figures in Cr	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	FY22	FY21	YoY(%)
Net Sales	13,679.0	11,297.0	21.1	12,507.0	9.4	46,240.0	38,694.0	19.5
Raw material cost	6,454.0	5,154.0		4,664.0		22,072.0	19,096.0	
<i>RM cost to sales (%)</i>	<i>47.2</i>	<i>45.6</i>		<i>37.3</i>		<i>47.7</i>	<i>49.4</i>	
Employee Cost	1,321.0	1,166.0	13.3	1,244.0	6.2	4,622.0	3,712.0	24.5
<i>Employee Cost To Sales (%)</i>	<i>100.0</i>	<i>100.0</i>		<i>100.0</i>		<i>100.0</i>	<i>100.0</i>	
Other Expenses	2,862.0	2,675.0	7.0	2,537.0	12.8	9,396.0	9,396.0	0.0
<i>Other Expenses To Sales (%)</i>	<i>216.7</i>	<i>229.4</i>		<i>203.9</i>		<i>203.3</i>	<i>253.1</i>	
EBITDA	2,999.0	2,522.0	18.9	2,219.0	35.2	9,810.0	8,610.0	13.9
<i>EBITDA Margin (%)</i>	<i>227.0</i>	<i>216.3</i>		<i>178.4</i>		<i>212.2</i>	<i>232.0</i>	
Depreciation	624.0	600.0	4.0	608.0	2.6	2,359.0	2,173.0	8.6
<i>Depreciation To Sales (%)</i>	<i>47.2</i>	<i>51.5</i>		<i>48.9</i>		<i>51.0</i>	<i>58.5</i>	
EBIT	2,375.0	1,922.0	23.6	1,611.0	47.4	48,444.0	42,481.0	14.0
<i>EBIT Margin (%)</i>	<i>179.8</i>	<i>164.8</i>		<i>129.5</i>		<i>1,048.1</i>	<i>1,144.4</i>	
Other Income	115.0	70.0	64.3	73.0	57.5	281.0	258.0	8.9
Interest	894.0	529.0	69.0	519.0	72.3	2,295.0	2,060.0	11.4
Interest Coverage Ratio (X)	2.7	3.6	-26.9	3.1	-14.4	21.1	20.6	2.4
<i>Interest Cost to Sales (%)</i>	<i>6.5</i>	<i>4.7</i>		<i>4.1</i>		<i>5.0</i>	<i>5.3</i>	
Profit Before Tax	1,495.0	1,346.0	11.1	1,064.0	40.5	4,996.0	4,181.0	19.5
<i>PBT Margin (%)</i>	<i>113.2</i>	<i>115.4</i>		<i>85.5</i>		<i>108.1</i>	<i>112.6</i>	
Tax	135.0	167.0	-19.2	59.0	128.8	529.0	686.0	-22.9
<i>Tax Rate (%)</i>	<i>9.0</i>	<i>12.4</i>		<i>25.8</i>		<i>10.6</i>	<i>25.6</i>	
Profit After Tax	1,360.0	1,179.0	15.4	1,005.0	35.3	38,449.0	3,495.0	1,000.1
<i>PAT Margin (%)</i>	<i>103.0</i>	<i>101.1</i>		<i>80.8</i>		<i>831.9</i>	<i>94.2</i>	

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